

Farm Suppliers And Farmers

How Do Wisconsin Sales and Use Taxes Affect Your Operations?

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IMPORTANT CHANGES

Raising earthworms. The definition of “farming” in Part II has been revised to include raising earthworms, reflecting a change in the department's interpretation. Page 2.

All terrain vehicles. All-terrain vehicles have been removed from Part III.A. because they are not licensed for highway use. They are addressed in Part IV.B.3. Pages 3 and 7.

Feed carts. Part IV.G.1. is revised to clarify that feed carts used to hold feed which contains grain are exempt. Page 10.

Concrete for manure pits. An example has been added to Part IV.G.3. to clarify that purchases of concrete used to construct a manure pit are exempt from tax because manure pits are waste treatment facilities. Page 10.

Concrete for bunker silos. A note has been added to Part IV.G. to clarify that purchases of materials used to construct bunker silos are taxable. Page 10.

Milk house supplies. Aprons and milking gloves have been added to the examples of exempt milk house supplies in Part IV.H. Page 10.

Infertility treatments. Infertility treatments have been added to the examples of exempt livestock medicines in Part IV.I. Page 11.

Electricity. Part IV.J.3. is revised to reflect the law change, effective May 1, 2000, that expanded the exemption for electricity sold for use in farming to the entire year. Prior to May 1, 2000, electricity sold for use in farming was exempt only if sold during the months of November, December, January, February, March, and April. Page 11.

Horses. Parts IV.J.4. and 6. are revised to clarify that “farm work stock” includes horses used exclusively to check on or herd livestock, but does not include horses used for racing, pleasure riding, or show. Part V.A. is revised to clarify that boarding, grooming, and horseshoeing horses used for racing, pleasure riding, or show are taxable services. Pages 11 and 12.

Animal identification tags. Part IV.J.9. is added to reflect the exemption for certain sales of animal identification tags by the Wisconsin Department of Agriculture, Trade, and Consumer Protection. Page 11.

Standard samples. Part IV.J.10. is added to reflect the exemption for certain sales of standard samples by the Wisconsin Department of Agriculture, Trade, and Consumer Protection. Page 12.

Sales by farmers. Part VII is added to address sales of tangible personal property by farmers. Page 13.

I. INTRODUCTION

A. General

This publication explains how Wisconsin state sales and use taxes affect farmers, farm supply companies, farm implement dealers, and farm cooperatives.

Certain sales to farmers which are subject to the 5% state sales or use tax may also be subject to the (1) 0.5% county sales or use tax, (2) 0.1% stadium sales or use tax, and (3) local exposition taxes. Additional information about these taxes is contained in the following:

- (1) County tax: Publication 201, *Wisconsin State and County Sales and Use Tax Information*, Section XVIII.
- (2) Stadium taxes: Publication 201, *Wisconsin State and County Sales and Use Tax Information*, Section XVIII. (Brown, Milwaukee, Ozaukee, Racine, Washington, and Waukesha counties).
- (3) Local exposition taxes: Publication 410, *Local Exposition Taxes*. These taxes apply to sales and purchases of certain lodging, food and beverages, and car rentals in municipalities located wholly or partially within Milwaukee County.

Publications 201 and 410 are available from any Department of Revenue office or on-line at www.dor.state.wi.us. See Part IX., on page 14 for a listing of department offices.

CAUTION

- The information in this publication reflects interpretations by the Wisconsin Department of Revenue of laws enacted by the Wisconsin Legislature as of March 1, 2002. Laws enacted after that date, new administrative rules, and court decisions may change the interpretations in this publication.
- The examples and lists of taxable and nontaxable sales are not all-inclusive. They merely set forth common examples.

B. Nature of Sales and Use Taxes

1. **Sales tax** is imposed on retailers who sell, lease, or rent tangible personal property or taxable services at retail in Wisconsin. The tax is based on the retailer's gross receipts from such sales.
2. **Use tax** is imposed on purchasers of tangible personal property or taxable services, if:
 - (a) the property or service is stored, used, or consumed in Wisconsin by the purchaser in a taxable manner, and
 - (b) no Wisconsin sales tax was paid by the purchaser to the seller of the property or service.

The use tax is based on the purchaser's purchase price of the property or service.

C. Seller's Permit

The seller's permit shows that a retailer is properly registered with the Department of Revenue, as required by law. Every person desiring to engage in the business of selling taxable tangible personal property or services at retail in Wisconsin must file an *Application for Permit/Certificate* (Form A-101) with the department. If a person has more than one business location where retail sales are made, a separate seller's permit is needed for each location.

Form A-101 may be obtained from any Department of Revenue office. This completed form should be mailed to the department at least three weeks before business operations begin.

D. Filing Tax Returns and Payment of Tax

Every person holding a seller's permit must file a sales and use tax return, Form ST-12, for each reporting period. A reporting period may be either monthly, quarterly, or annual, depending on that person's tax liability.

Persons with more than one business location file a consolidated return for all business locations.

II. DEFINITION OF FARMING

As used in this publication, "farming" means the business of producing food products or other useful crops by tilling

and cultivating the soil or by raising cattle, sheep, llamas, poultry, domesticated rabbits, or other animals which produce a food product or which are themselves a food product.

"Farming" includes the business of:

- feeding and raising cattle and other milk producing animals
- raising earthworms, pheasants, foxes, fitch, nutria, marten, fisher, mink, chinchilla, rabbit, caracul, and bees
- producing honey products by a beekeeper of 50 or more hives
- raising of fish for food
- breeding and raising of horses and llamas for sale
- raising ginseng, mushrooms, and sod
- holding livestock in a feed lot for 30 days or more
- floriculture, which is the business of producing flowers, Christmas trees, or other decorative trees, plants, or shrubs, including such operations as greenhouses
- horticulture, which is the business of producing vegetables, vegetable plants, fruits, and nursery stock, including the operation of commercial nurseries and orchards, but not businesses which hold products for purposes other than propagation or growth

CAUTION

"Farming" does not include:

- home gardening and other similar noncommercial activities
- breeding or raising dogs, cats, and other pets or animals intended for use in laboratories
- operating sporting or recreational facilities, such as riding stables or shooting preserves
- operating stockyards or slaughterhouses
- lumbering, logging, and pulpwood and sawmill operations
- milling and grinding grain
- pasteurizing or homogenizing milk or making butter, cheese, or ice cream
- preparing sausage, canned goods, jellies, juices, or syrup
- raising trees as timber
- holding livestock in a feed lot for less than 30 days

III. TAXABLE SALES OF TANGIBLE PERSONAL PROPERTY TO FARMERS

Sales of tangible personal property to farmers are subject to sales tax, unless the sales meet one of the exemptions described in Part IV., on pages 5 through 12.

Listed on pages 3 and 4 are examples of tangible personal property which are taxable and which do not qualify for any of the exemptions in Part IV.

Examples of Taxable Sales to Farmers:

A. Motor vehicles licensed for highway use, including parts, supplies, and accessories for such motor vehicles. Taxable motor vehicles include, if licensed for highway use:

- Automobiles
- Buses
- Motorcycles
- Station wagons
- Trucks

Parts, supplies, and repairs for vehicles licensed for highway use, including nurse tanks and trailers, are also taxable.

B. Tools used in constructing buildings and fences, making repairs to real estate, tractors, or other farm machinery, or lumbering, pulping, or cutting firewood, such as:

- Battery chargers
- Block and tackle sets
- Chain hoists
- Chain saws for lumbering, pulping, or cutting firewood
- Chain tighteners
- Cutters
- Electric drills
- Hammers
- Hand tools
- Log splitters
- Planers
- Rivet tools
- Sanders
- Saws
- Sharpeners
- Silo caps
- Tool boxes
- Welders

C. Building materials used in repairing or improving real estate, such as:

- Barn door tracks
- Cement
- Culvert pipe
- Dairy panels
- Drain tile
- Fence gates
- Fence handles for electric fence
- Fence post insulators for electric fence
- Fence posts
- Fencing
- Fill dirt, gravel, and topsoil (Taxable if seller dumps material in a pile, or if the seller provides a landscaping service in a farmer's lawn or garden. Nontaxable if seller spreads material in its final resting place in a driveway or farm field.)
- Light fixtures
- Lumber
- Nails
- Paint
- PVC pipe and fittings
- Silo chutes
- Sod
- Threaded rod

D. Non-powered equipment, including:

- Anchors (earth)
- Animal clippers, if non-powered
- Applicators for fertilizers, sprays, insecticides, and pesticides, if non-powered
- Balling guns
- Barn brooms
- Barn lime spreaders, unless a part for a farm machine
- Barn scrapers
- Basins
- Boots
- Buckets
- Bull rings
- Calf stalls - portable
- Castrators and castrator bands
- Cattle chutes

- Cattle markers
- Cattle tags - non-insecticide, unless sold by the Wisconsin Department of Agriculture, Trade and Consumer Protection
- Cow lifts
- Cow mats (rubber)
- Cow rings
- Cow shoes
- Cow trainers
- Cutters Dairy scales
- Dehorner - manual
- Dispensers
- Drinking cups
- Ear notchers
- Ear tags — non-insecticide, unless sold by the Wisconsin Department of Agriculture, Trade and Consumer Protection
- Farrowing crates
- Faucets
- Feed scoops
- Feeders — stationary salt and mineral
- Fire extinguishers
- Forks - hay, silage, etc.
- Grain scales
- Grain scoops
- Gutter grates
- Halters
- Hoof trimmers - non-powered
- Incinerators
- Jack stands
- Jacks
- Jug and barrel pumps
- Kick stops
- Magnets
- Mastitis indicators
- Milk cans, unless used by farmer to transfer milk to farmer's customers
- Milk stools
- Mouse traps
- Neck chains and numbers
- Needles - hypodermic
- Nursing bottles and nipples
- Pails
- Paint sticks (animal markers)
- Pitch forks
- Rat traps
- Rope and cable
- Saddles and bridles
- Scales
- Self-treating stations ("oilers")
- Shovels
- Sinks
- Stationary salt and mineral feeders Storage tanks, unless used exclusively for holding and storing fruits, vegetables, grain, or animal wastes
- Strainers for milk cans or coolers
- Syringe needles
- Syringes
- Teat dip dispensers
- Thermometers
- Tie down rings
- Tie down straps
- Udder supports
- Veterinary instruments
- Washup hoses and nozzles
- Waterers - non-powered
- Weaners
- Wheelbarrows

E. Other taxable sales of tangible personal property:

- Antifreeze, even if used in exempt tractor or machine
- Automatic transmission fluid, even if used in exempt tractor or machine
- Bandages — medicated for work stock, pets, and riding horses
- Bandages - nonmedicated
- Bar and chain oil for chain saws
- Bovine growth hormone (BGH)
- Computers used for tracking prices or inventories, or for word processing
- Detergents, other than for milk house
- Dust bag kits
- Egg wash
- Exam gloves
- Feed for riding horses (**Note:** Farmer's exemption for feed may be claimed if buyer is engaged in the commercial breeding and raising of horses for sale.)
- Fluids - hydraulic and transmission, even if used in exempt tractor or machine
- Fuel pumps, unless a part for an exempt tractor or machine
- Fuel tanks, unless a part for an exempt tractor or machine
- Gear oil, even if used in exempt tractor or machine
- Greases, even if used in exempt tractor or machine
- Grooming items
- Heat detectors
- Hormone growth stimulants (Note: Hormone growth stimulants do not qualify for exemption as a fertilizer. The difference between fertilizers and hormone growth stimulants is that fertilizers nourish plants whereas hormone growth stimulants act upon the cellular structure.)
- Lawn and garden tractors (Farm suppliers must charge tax; if buyer uses lawn and garden tractor exclusively and directly in the business of farming, buyer may file a claim for refund of tax directly with Department of Revenue.)
- Lubricants, even if used in exempt tractor or machine
- Medicines for work stock, pets, and riding horses
- Oil - hydraulic and motor, even if used in exempt tractor or machine
- Pet foods

- Plaster of paris used to set an animal's broken bone
- Rubber floor mats for barn
- Shampoos
- Snowmobiles registered for public use
- Tag marking ink
- Tattoo ink
- Tattoo kits
- Vitamins
- Welding rods, unless for exempt tractor or machine
- Windshield wash, even if used in exempt tractor or machine

IV. EXEMPT SALES OF TANGIBLE PERSONAL PROPERTY TO FARMERS

A. Introduction

Sales of the following items are exempt from sales and use taxes if they meet the requirements as explained in Sections B through J of Part IV.

Item	Section in Part IV	Page
Tractors and Machines	B	5
Seeds for Planting and Plants	C	8
Feed	D	8
Fertilizer and Soil Conditioners	E	9
Sprays, Pesticides, and Fungicides	F	9
Containers for Fruits, Vegetables, Grain, and Animal Wastes	G	10
Milk House Supplies	H	10
Farm Livestock Medicine	I	11
Animal Bedding, Baling Twine and Baling Wire, Electricity, Farm Work Stock, Mobile Cement Mixers, Fuel, Livestock and Poultry, and Semen for Artificial Insemination of Livestock	J	11

“Exclusively,” as used in Parts IV.C. through J., means that the items are used solely in farming to the exclusion of all other uses, except that the sales and use tax exemption for such items will not be invalidated by an infrequent and sporadic use other than in farming.

B. Tractors and Machines

1. General

Sales of tractors and machines, including accessories, attachments, and parts for such tractors and machines, are exempt from sales and use taxes, if all of the requirements in a, b, and c of Part 2, below are met:

“Machine” means an assemblage of parts that transmit force, motion, and energy from one part to another in a predetermined manner.

“Accessories” and “attachments” include devices designed to be mounted on a tractor or machine or to be pushed or pulled by a tractor or machine.

“Part” means a durable unit of definite, fixed dimensions. Fluids and oils are not “parts.”

2. Requirements for exemption

To qualify for exemption from sales and use taxes, a tractor or machine, including accessories, attachments, and parts, must meet all three of the following tests:

- a. *Exclusive use in farming*
- b. *Direct use in farming*
- c. *Must not be attached to, fastened to, connected to, or built into real property; or become an addition to, component of, or capital improvement of real property; when sold to the farmer.*

(Note: There is an exception to this requirement in “c.” Under Wisconsin law, certain machines, and accessories, attachments, and parts for these machines, are considered tangible personal property and may qualify for the machine exemption regardless of the extent to which the machine is connected to or fastened to real estate. Those items which

meet this exception are noted with an asterisk (*) in the listing of machines that qualify for exemption in Part IV.B.3, on pages 7 and 8.)

Additional information about each of these three requirements is provided below.

a. Exclusive use in farming

The tractor or machine must be used exclusively in the business of farming. “Used exclusively” means that any use other than in farming does not exceed 5% of total use.

Example 1: Farmer A uses his tractor only in his farm fields, pulling cultivators, plows, farm wagons, spreaders, and other attachments to the tractor. Farmer A uses the tractor exclusively in farming.

Example 2: Farmer B uses an all-terrain vehicle (which is not licensed for highway use) 75% of the time on his farm to check fields and livestock, and repair fencing. The all-terrain vehicle is used the other 25% of the time for recreational purposes. Because the recreational use exceeds 5% of total use, the all-terrain vehicle is not used exclusively in farming. Farmer B must pay sales or use tax on his purchase of the all-terrain vehicle.

Example 3: Farmer C purchases a water heater which will be used to heat water both for Farmer B’s residence (10% of use) and milk house (90% of use). Farmer C installs the water heater. Because the residential use exceeds 5% of total use, the water heater is not used exclusively in farming. Farmer C must pay sales or use tax when purchasing the water heater.

b. Direct use in farming

The tractor or farm machine must be *used directly* in the business of farming.

Examples of items *used directly* in farming:

- Plows used in farming to plow corn fields
- Combines used in farming to harvest grain
- Milking machines used in farming to milk cows

Examples of items *not used directly* in farming:

- Tools used to repair exempt machines
- Lawn and garden tractors used for mowing lawns and tilling home gardens
- Computers used for tracking prices or inventories, or for word processing
- Log splitters used to split wood for heating farm buildings

c. Must not be attached to, fastened to, connected to, or built into real property; or become an addition to, component of, or capital improvement of real property; when sold to the farmer. (See the note in Part IV.B.2.c., beginning in the right-hand column on page 5, for an exception to this requirement.)

Example 1: Supplier C sells and installs a water heater in Farmer D’s milk house, which is to heat water for use in farming. (The water heater does not heat water for use in Farmer D’s residence.) A water heater used for this purpose is tangible personal property, even after it is installed by Supplier C.

The sale of the installed water heater from Supplier C to Farmer D does not meet the requirements for farm machines in Part IV.B.2.c., on pages 5 and 6, because the water heater is attached to real property when sold to Farmer D.

Farmer D may not claim an exemption on its purchase of the installed water heater. Supplier C’s charge to Farmer D is subject to sales tax.

Example 2: Retailer E sells a water heater, without installation, to Farmer F. Farmer F will use the water heater in his milk house, exclusively to serve the production area. Farmer F hires Contractor G to install the water heater.

The sale of the non-installed water heater from Retailer E to Farmer F meets the requirement in Part IV.B.2.c., on pages 5 and 6, because when sold to Farmer F, the water heater is not attached to, fastened to, connected to, or built into real property; and is

not an addition to, component of, or capital improvement of real property.

Retailer E may claim a resale exemption on its purchase of the water heater from its supplier. Farmer F may claim a farmer's exemption on his purchase of the water heater from Retailer E. Farmer F also may claim a farmer's exemption on his purchase of installation services from Contractor G.

Example 3: Farmer H buys a milking machine, installed, from Supplier I. The milking machine is deemed by Wisconsin sales and use tax law to be tangible personal property. Therefore, Farmer H may claim a farmer's exemption when buying the milking machine from Supplier I. Supplier I may claim a resale exemption on its purchase of the milking machine, because it is reselling the milking machine as tangible personal property.

3. Examples

Listed below and on page 8 are examples of tractors and machines and accessories, attachments, and parts for such tractors and machines, which qualify for exemption from sales and use taxes if they meet the three tests in Part IV.B.2., on page 5 and 6.

"Farm machinery," as used in this listing, means tractors and machines used exclusively and directly by the buyer in farming.

* May qualify for exemption, even if attached to, fastened to, connected to, or built into real property; or becomes an addition to, component of, or capital improvement of real property; when sold to farmer.

- | | | |
|---|---|--|
| <ul style="list-style-type: none"> • Aerators • Air compressors for application of sprays, pesticides, etc. • Air tubes* • All-terrain vehicles • Animal clippers - electric • Auxiliary power generators* • Bale loaders* • Baler belts • Balers • Barn cleaners* • Barn elevators* • Barn fans and blowers • Batteries for farm machinery • Battery cables for farm machinery • Battery terminals for farm machinery • Belts for farm machinery • Bolts for farm machinery • Cattle prods, shockers, motors/batteries, parts • Chain - roller, flat, gathering; for farm machinery | <ul style="list-style-type: none"> • Chain saws for orchard use, but not for use in lumbering, pulping, or cutting firewood • Chopper knives for farm machinery • Choppers • Combines • Conveyors* • Corn moisture testers - electronic • Corn pickers • Covers for farm machinery • Crop conditioners • Crop thinners • Cultivator shields • Cultivators • Dehorner - electric • Discs • Drags • Drinking cups, if a part for a pressurized system • Electric dehorner • Electric fence chargers (not fencing or insulators) • Electric foggers | <ul style="list-style-type: none"> • Electronic grounding systems • End loaders • Engines for farm machinery • Feed augers* • Feed elevators* • Feeders, powered, excluding platforms and troughs constructed from ordinary building materials* • Fence batteries for electric fence • Fence chargers for electric fence • Foggers - electric • Fork lifts • Gates for feed and grain wagons • Grain dryers* • Grain grinders* • Grain moisture testers - electronic • Grain temperature probes - electronic • Gravity boxes/extensions • Harrows • Harvesting combines • Hay moisture testers - electronic • Hay wagons • Heat lamps/bulbs |
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- Heaters
- Hoof trimmers - electric
- Hydraulic couplers for farm machinery
- Hydraulic cylinders for farm machinery
- Hydraulic hoses for farm machinery
- Hydraulic oil filters for farm machinery
- Hydraulic pumps for farm machinery
- Hydraulic reservoirs for farm machinery
- Hydraulic valves for farm machinery
- Incubators
- Inflation plugs*
- Irrigation implements*
- Jacks to be bolted or welded onto farm machinery
- Knife heads
- Lumber for farm machinery
- Manure spreaders
- Milk coolers*
- Milk strainer pads*
- Milk transfer clear tubing*
- Milker hoses*
- Milker lid gaskets*
- Milking machine parts*
- Milking machines, including piping, pipeline washers and compressors*
- Mowers
- Nuts for farm machinery
- Oil filters for farm machinery
- Oil pumps for farm machinery
- Paint for farm machinery
- Pest controllers - electric
- Pipes attached to irrigation pumps*
- Piping and pipeline washers and compressors for milking machines*
- Planters
- Plows
- Powered posthole diggers
- Pulleys for farm machinery
- Pulsator kits*
- Pumps and associated piping for irrigation*
- Pumps for farm machinery
- Radio or stereo for tractor cab
- Rock pickers
- Rotary hoes
- Silo unloaders - top and bottom*
- Slow-moving vehicle signs for farm machinery
- Snowmobiles not registered for public use
- Space heaters
- Sprayer tanks
- Sprayers
- Spreader aprons
- Spreader chain links
- Spreader chains
- Stalk shredders
- Stock tank de-icers and heaters
- Stock tank float valves, if a part for a pressurized system
- Stock tanks, if a part for a pressurized system
- Stock waterers, if a part for a pressurized system
- Stray voltage meters - electronic
- Thermostats for farm machinery
- Threaded rod for farm machinery
- Tire chains for farm machinery
- Tires for farm machinery
- Top and bottom silo unloaders*
- Tractor cabs
- Tractors
- Trailer couplers
- Trucks not licensed for highway use
- Tune-up kits for farm machinery
- Ultrasonic pest repellers
- Ventilating units
- Wagon running gear
- Wagons
- Water heaters for milk house
- Water pumps for milk house
- Water softener filters and parts for milk house
- Water softeners for milk house
- Waterers, if a part for a pressurized system
- Windowers

C. Seeds for Planting and Plants

Seeds for planting and plants are exempt from sales and use taxes, if used exclusively in farming.

“Seeds for planting and plants” includes:

- Bulbs
- Hay and pasture grass mix
- Plant parts capable of propagation
- Seeds for alfalfa, blue grass, canning peas, clover, field corn, field peas, rye grass, sweet corn, timothy, and vegetable seeds

- Herbs, shrubs, or young trees, slips, or saplings planted or ready to plant

D. Feed

Feed is exempt from sales and use taxes, if used exclusively in farming.

1. “Feed” includes:

- Medicated feed or drug carriers purchased for use as an ingredient of medicated feed, the primary purpose of which is the prevention of diseases in livestock or poultry.
- Milk replacers.

- Processed vegetable and animal products and essential minerals required for the normal nutritional needs of livestock, poultry, and domestic fur-bearing animals and other materials which are required for the normal nutritional needs of animals in some domestic environments, such as vitamins A, B-complex, D and E.

Essential minerals include phosphorous, calcium, sodium, chlorine, iodine, iron, copper, sulfur, potassium, magnesium, and zinc. Common feed additives containing these substances include cod liver oil, salt in granular or block form, ground limestone, fish oil, fish meal, oyster shells, and bone meal.

- Silage preservative.

2. Feed for feed lots.

“Feed lot” means a restricted area containing pens or lots where livestock are held and fed.

The sales and use tax treatment of feed for feed lots depends on the length of time the livestock is held.

Livestock held for less than 30 days:

A person who holds livestock in a feed lot for less than 30 days is not engaged in farming. Feed purchased for livestock held in a feed lot for less than 30 days is taxable.

Livestock held for 30 days or more:

A person who holds livestock in a feed lot for 30 days or more is engaged in farming and the feed purchased for the livestock is exempt.

Note: If a person holds some livestock in a feed lot for less than 30 days and some livestock for 30 days or more and purchases feed for both types at the same time, an allocation of the feed costs may be made so that tax is paid on the feed consumed by livestock held for less than 30 days and is not paid on feed consumed by livestock held for 30 days or more.

E. Fertilizer and Soil Conditioners

Fertilizer and soil conditioners are exempt from sales and use taxes, if used exclusively in farming.

“Fertilizer” means any substance containing nitrogen, phosphoric acid, potash, or any recognized plant food element or compound which is used primarily for its plant food content to improve the soil’s agricultural qualities. “Fertilizer” and “soil conditioners” include:

- Agricultural minerals
- Carbon dioxide for application to land
- Compost
- Fertilizer and insecticide combinations
- Liquid spray mixtures of minerals and plant nutrients
- Lime
- Manure
- Peat moss
- Sewage sludge
- Soy bean straw
- Urea

F. Sprays, Pesticides, and Fungicides

Sprays, pesticides, and fungicides are exempt from sales and use taxes, if used exclusively in farming.

“Sprays,” “pesticides,” and “fungicides” include:

- Chemicals used for crop disease and pest and weed control, including insecticides and rodenticides
- Dewormers
- Disinfectant sprays
- Fly bait
- Fly belts
- Fly control blocks
- Fly repellent
- Fly sprays
- Fly sticks
- Fly tape
- Insect strips
- Insecticide ear tags
- Mouse and rat repellents
- Poison (for rodents)

- Other preparations used to destroy insects, mites, nematodes, slugs, or other invertebrate animals injurious to plants and animals
- Products used to sanitize and clean dairy equipment are exempt, if they are: (1) registered with the U.S. Environmental Protection Agency (EPA) as pesticides, (2) advertised and sold as pesticides, and (3) each bottle, can, or other container containing the pesticide has an EPA pesticide registration number on it
- Screw worm aerosol

G. Containers for Fruits, Vegetables, Grain, and Animal Wastes

Containers for fruits, vegetables, grain, hay, silage, and animal wastes are exempt from sales and use taxes, if used exclusively in farming.

1. “Containers for fruits, vegetables, grain, hay, silage, and animal wastes” includes any kind of personal property which is purchased exclusively for holding or storing fruit, vegetables, grain, hay, silage, or animal wastes.

Examples of containers which qualify if used exclusively in farming include:

- Plastic bags, plastic sleeves, and plastic sheeting used to store or cover hay or silage
 - Bale feeders used to hold hay
 - Feed carts used to hold feed which contains grain
2. Real property improvements.
 - *Installed by farmer.* A farmer may purchase a complete corn crib or grain bin “knocked-down” in kit form, do any necessary installation work, and the corn crib or grain bin will qualify for exemption as a container.
 - *Installed by supplier.* A supplier who contracts with a farmer to both provide and install the corn crib or grain bin permanently into real estate, is the consumer of the corn crib or grain bin. Therefore, the supplier is liable for sales or use tax on its purchase of the corn crib or grain bin. The charge to the farmer for labor and materials is not taxable because it is a real property improvement.

3. Animal waste containers

Farmers may purchase animal waste containers, or the component parts of animal waste containers, exempt from tax.

Example: Purchases of concrete that is used in constructing manure pits for animal waste are exempt from tax, regardless of whether purchased by a farmer or a contractor.

Notes: (1) Materials for building silos are not included in the exemption for containers for fruits, vegetables, grain, hay, silage, or animal wastes. A farmer or contractor buying materials used in building a silo must pay sales or use tax on the purchase price of such materials.

(2) Materials for building bunker silos (i.e., walls and floor of silo are constructed of concrete) are not included in the exemption for containers for fruits, vegetables, grain, hay, silage, or animal wastes. A farmer or contractor buying materials used in building a bunker silo must pay sales or use tax on the purchase price of such materials.

H. Milk House Supplies

Milk house supplies used exclusively in producing and handling milk on dairy farms are exempt from sales and use taxes. “Milk house supplies” includes:

- Acid cleaners
- Aprons
- Bleach
- Brooms
- Brushes
- Cloth udder towels
- Dairy utensil cleaner
- Detergents
- Disinfectants and sanitizers, such as iodine and chlorine
- Inflation cleaner
- Insect strips
- Manual cleaners
- Milk filters
- Milker pump oil
- Milking gloves

- Milkstone remover
- Paper towels
- Pipeline cleaners
- Soaps
- Teat dilators
- Teat dips
- Test kits to test milk for contaminants
- Udder creams and balms
- Udder sponges and cloth
- Udder washes
- Water softener salt
- Window cleaners
- Vacuum pump oil

I. Farm Livestock Medicine

Medicine used on farm livestock (not including farm work stock) is exempt from sales and use taxes.

“Farm livestock medicine” means any substance or preparation intended for use by external or internal application to farm livestock in the cure or treatment of disease, including infertility, and which is commonly recognized by veterinarians as a substance or preparation intended for that use.

“Farm livestock medicine” includes medicated bandages and the following in the form of boluses, capsules, feed additives, fluids, pills, powders, ointments, and salves:

- Antibiotics
- Dehorning pastes
- Drinking water solutions
- Drugs
- Foot rot and ring worm liquids
- Foot rot treatments
- Infertility treatments
- Mastitis treatments
- Vaccines

J. Other Exempt Sales to Farmers

Other items which are exempt from sales and use taxes when sold to farmers for exclusive use in farming include:

1. Animal bedding.

“Animal bedding” means disposable loose materials, including straw, shavings, sawdust, leaves, sand, shredded paper, and wood chips used where an animal may lie, to promote cleanliness and absorb urine or liquid manure. (**Note:** “Animal bedding” does not include nonabsorbent items, including rubber floor mats.)

2. Baling twine and baling wire.

3. Electricity.

Note: For sales of electricity prior to May 1, 2000, the exemption was limited to electricity sold during the months of November, December, January, February, March, and April.

4. Farm work stock, such as draft horses and mules.

“Farm work stock” means animals, such as draft horses and mules and horses used to check on or herd livestock, which are used exclusively in farming.

“Farm work stock” does not include dogs, horses used for racing, pleasure riding, or show, or laboratory animals.

5. Mobile cement mixers (exempt from sales and use taxes even if not sold to a farmer for exclusive use in farming).

6. Natural gas and other fuel sold for use in farming.

7. Livestock and poultry, which includes:

- animals, the products of which are normally used as food for human consumption, and
- domestically raised fur bearing animals or animals which are a source of wool, such as llamas, including those purchased for breeding.

8. Semen for artificial insemination of livestock.

9. Animal identification tags sold by the Wisconsin Department of Agriculture, Trade, and Consumer Protection to persons required or authorized to use those tags.

10. Standard samples, representing product or commodity grades, sold by the Wisconsin Department of Agriculture, Trade, and Consumer Protection.

V. TAXABLE SERVICES SOLD TO FARMERS

A. Repair or Service to Tangible Personal Property

If an item of tangible personal property is taxable, then the repair, service, alteration, fitting, cleaning, painting, coating, towing, inspection, and maintenance of such item is also taxable.

Examples of taxable services sold to farmers:

- Repairs to licensed motor vehicles
- Repair to furnace in home or barn
- Boarding, grooming, or horseshoeing horses used for racing, pleasure riding, or show
- Repairs to office machines
- Breeding or artificial insemination of animals other than farm livestock or farm work stock

B. Other Taxable Services

Other taxable services sold to farmers include:

- Telephone service
- Laundry
- Dry cleaning
- Photography

VI. EXEMPT SERVICES SOLD TO FARMERS

A. Repair or Service to Exempt Tractors and Machines

If a tractor or machine may be purchased by a farmer without tax, then the repair, service, alteration, fitting, cleaning, painting, coating, towing, inspection, and maintenance of such tractor or machine is also not subject to sales or use tax. (See Part IV.B., on pages 5 to 8 for an explanation of which tractors or machines a farmer may purchase without tax.)

Exception: The repair, service, alteration, fitting, cleaning, painting, coating, towing, inspection, and maintenance of a farm machine is taxable if both of the following apply:

- (1) At the time of the repair, service, etc., the machine is attached to, fastened to, connected to or built into real property; or is an addition to, component of, or capital improvement of real property.
- (2) The machine is not noted with an asterisk (*) in the listing of machines in Part IV.B.3, on pages 7 and 8.

Examples of services sold to farmers which are not subject to sales or use tax include:

- Repair to a tractor used exclusively and directly in farming
- Repair to a feed elevator used exclusively and directly in farming
- Repair to a milking machine used exclusively and directly in farming

Note: If fluids (such as hydraulic fluid or oil) are furnished with the servicing of a tractor or machine, a reasonable portion of the charge must be allocated for the fluids, and sales tax paid on this amount.

B. Custom Farming Services

The sale of custom farming services to farmers is not subject to sales or use tax.

“Custom farming services” means the performance of an activity, defined as farming in Part II., on page 2, for a farmer for a fee. The fee may include a cash payment, a share of the harvest, or other valuable consideration.

Examples include:

- Spreading fertilizer on fields
- Harvesting hay, grain, or corn
- Spraying fields

C. Other

Other services sold to farmers which are not subject to sales or use tax include:

- Artificial insemination of farm livestock or farm work stock
- Breeding farm livestock or farm work stock

- Medical and hospitalization services furnished by veterinarians

VII. SALES OF TANGIBLE PERSONAL PROPERTY BY FARMERS

A. Taxable Sales of Tangible Personal Property by Farmers

Farmers' sales of tangible personal property are subject to sales tax, unless an exemption applies.

Examples of taxable sales include:

- Flowers, Christmas trees, and other decorative trees, plants, or shrubs
- Game birds, regardless of whether the birds are used as food for human consumption, if the buyer's primary reason for purchasing the game birds is for hunting
- Horses for use in racing, pleasure riding, or show
- Llamas for use as pack animals, pets, or to herd sheep
- Timber or gravel when the purchaser acquires this property for removal
- Tractors sold to persons, such as construction contractors, who will not use the tractors exclusively and directly in the business of farming

B. Exempt Sales of Tangible Personal Property by Farmers

Examples of exempt sales of tangible personal property by farmers include:

- Animals which are used as food for human consumption
- Food and food products for human consumption, such as milk, meat, fish, fruits, vegetables, and grain
- Livestock and poultry sold to other farmers for exclusive use in farming
- Tractors and other machines sold to other farmers for exclusive and direct use in farming
- Sales which qualify as "occasional sales," because the farmer's total sales of tangible personal property that would otherwise be subject to sales tax are less than \$1,000 in the calendar year. For more in-

formation about the occasional sale exemption, see *Wisconsin Tax Bulletin 122*, October 2000, pages 30-37, on-line under *Publications* at www.dor.state.wi.us.

VIII. RECORDKEEPING

A. General Records to Keep

If you are required to file sales and use tax returns, you must keep adequate records of business transactions to enable you and the Department of Revenue to determine the correct tax due.

B. Records to Keep - Exemption Certificates

You may receive exemption certificates claiming farming exemptions and other exemptions (e.g., resale exemptions) from buyers. To claim a deduction on your sales and use tax return for such sales, you must keep the exemption certificates as part your records to prove that the sales were exempt.

Caution: Accepting an exemption certificate claiming a farming exemption does not relieve you of your liability to collect tax if the item you sell is not one that is specifically exempt. For example, you sell fencing materials to a farmer who will use them in farming to enclose livestock. Because fencing materials are not specifically exempt, accepting an exemption certificate claiming the farming exemption for the sale of the fencing materials does not relieve you of your liability for sales tax.

Form S-211, *Wisconsin Sales and Use Tax Exemption Certificate*, is available from any Department of Revenue office or on-line at www.dor.state.wi.us. See Part IX on page 14 for a listing of department offices.

CAUTION

If the Department of Revenue conducts an audit and you do not have the required exemption certificates or other required documents to prove that your sales are exempt, your sales will be presumed to be taxable and subject to the sales tax.

C. Records to Keep - Sales to Exempt Organizations

1. Exempt sales to federal and Wisconsin governments, municipalities, and public schools must be supported by one of the following:
 - A purchase order received from such an organization, or
 - An exemption certificate received from such an organization, or
 - Listing the Certificate of Exempt Status number of such an organization on the seller's copy of the invoice.
2. Exempt sales to organizations holding a Certificate of Exempt Status (e.g., churches) must be supported by either one of the following:
 - Listing the Certificate of Exempt Status number of such an organization on the seller's copy of the invoice, or
 - An exemption certificate received from such an organization.

D. Records to Keep - Buyer Holds Direct Pay Permit

Exempt sales to buyers who hold a direct pay permit must be supported by one of the following:

- A copy of the buyer's direct pay permit, or
- A statement that the buyer holds a direct pay permit, the permit number, and the date the permit was issued.

Contact any Department of Revenue office for more information on direct pay.

IX. IF YOU HAVE QUESTIONS

If you have a question about sales and use taxes, write to the department in Madison or call or visit any department office.

Write . . . Wisconsin Department of Revenue
 Mail Stop 5-77
 PO Box 8902
 Madison, WI 53708-8902

Fax . . . (608) 267-1030

E-Mail . . . sales10@dor.state.wi.us

Visit our web site . . . www.dor.state.wi.us

Call Or Stop In . . .

Offices Providing Daily Assistance (Monday-Friday)

Location	Address	Telephone
Appleton	265 W. Northland	(920) 832-2727
Eau Claire	718 W. Clairemont	(715) 836-2811
Madison	2135 Rimrock Rd.	(608) 266-2776
Milwaukee	819 N. Sixth St.	(414) 227-4444

The above offices providing assistance daily are open 7:45 a.m. to 4:30 p.m. The offices listed below generally are open on Monday only from 7:45 a.m. to 1:00 p.m., although offices in Green Bay, Kenosha, Racine, and Waukesha are open on additional mornings. Contact that office for specific hours.

Other Offices Providing Assistance

Location	Address	Telephone
Baraboo	1000 Log Lodge Ct	(608) 356-8973
Beaver Dam	220 Seippel Blvd	(920) 356-6090
Elkhorn	715 W. Walworth St	(262) 723-4098
Fond du Lac	845 S. Main St.	(920) 929-3985
Grafton	1930 Wisconsin Ave.	(262) 375-7948
Green Bay	200 N. Jefferson St.	(920) 448-5179
Hayward	100 Ranch Road	(715) 634-8478
Hudson	1810 Crestview Dr.	(715) 381-5060
Janesville	101 E. Milwaukee	(608) 758-6190
Kenosha	4003 80th St	(262) 697-5860
La Crosse	620 Main St.	(608) 785-9720
Lancaster	130 W. Elm	(608) 723-2641
Marinette	1926 Hall Ave.	(715) 732-7565
* Marshfield	300 S. Peach Ave.	(715) 387-6346
* Monroe	1015 18th Ave.	(608) 325-3013
Oshkosh	515 S. Washburn	(920) 424-2100
Racine	616 Lake Ave.	(262) 638-7500
Rhineland	203 Schiek Plaza	(715) 365-2666
Rice Lake	11 E. Eau Claire St.	(715) 234-7889
Sheboygan	807 Center Ave.	(920) 459-3101
Superior	1225 Tower Ave.	(920) 459-3101
Tomah	203 E. Clifton St	(608) 372-3256
Waukesha	141 NW Barstow	(262) 521-5310
* Watertown	600 E. Main St.	(920) 262-2700
Wausau	710 Third St.	(715) 842-8665
Wisconsin Rapids	830 Airport Ave	(715) 421-0500

*Scheduled to close June 30, 2002